
OFFICE OF THE ALBANY CITY TREASURER

DATE: July 10, 2024

TO: Hon. Kathy M. Sheehan
Members of the Common Council

FROM: Hon. Darius Shahinfar

CC: Ann Marie Salmon, Gideon Grande

RE: 4th quarter Year-End 2023 Performance

The following is a summary of the unaudited results for 2023. **Overall, fiscal performance was stable and within budgetary expectations for 2023.**

Revenue in 2023 totaled \$219.1 million which was an increase of 10.0% or \$19.3M from last year at this time (most of this increase is related to reimbursing the General Fund for ARPA Grant related expenses which were mostly salary expenses and the Albany for All distributions. Expenses totaled \$218.0M which was an increase of 8.5% or \$17.2M compared to last year at this time. Revenues exceeded expenses and provided a surplus of \$1.1M to the fund balance. The total fund balance was \$15.5M at the end of the year.

REVENUE (Thousands)

	DEC	DEC		%	DEC	Annual		%
REVENUE	YTD 23	YTD 22	Variance		YTD 23	Budget	Variance	Budget
PROPERTY TAX	60,588	59,597	991	2%	60,588	60,548	40	100%
SALES/USE TAX	45,262	44,862	399	1%	45,262	46,951	-1,689	96%
PILOTS/19-a	19,261	19,283	-21	0%	19,261	19,674	-413	98%
OTHER LOCAL SOURCES	3,902	3,260	641	20%	3,902	3,866	35	101%
LANDFILL	3,712	2,908	804	28%	3,712	3,558	154	104%
OTHER DEPARTMENTS	6,555	6,360	194	3%	6,555	6,934	-379	95%
INTER GOVERNMENT	2,477	987	1,490	151%	2,477	732	1,745	338%
FINES	5,812	5,074	739	15%	5,812	6,027	-215	96%
LICENSES AND PERMITS	5,247	4,333	914	21%	5,247	5,708	-460	92%
STATE AID	32,807	31,354	1,453	5%	32,807	34,361	-1,554	95%
SALE P/COMP/LOSS	506	585	-79	-14%	506	702	-196	72%
MISCELLANEOUS	4,666	4,516	150	3%	4,666	11,095	-6,429	42%
OTHER	28,337	16,706	11,631	70%	28,337	21,508	6,829	132%
TOTAL REVENUE	219,132	199,826	19,306	10%	219,132	221,663	-2,531	99%

The chart above summarizes the City's sources of revenue through December 31, 2023.

1. **Property Tax revenue** increased by \$991K from last year and is on budget. This increase is related to the 2023 levy increase.
2. **Sales Tax revenue** was higher than last year by almost \$399K but under budget by almost \$1.7M at 96%. The NYS OSC reported signs that sales tax revenues were slowing down in 2023 due to inflation and consumers not spending amid ongoing higher prices.
3. **PILOTS/19-a revenue** was almost \$19.3M and even with last year.
4. **Other Local sources revenue** increased 20% (\$641K) and was over budget at 101%. The revenue in this category is derived from interest & penalties on property taxes, utilities gross receipts taxes, franchise fees and OTB receipt which can fluctuate from year to year.
5. **Landfill revenue** increased 28% (\$804K) compared to last year. The primary reasons overall were tipping fees and methane gas sales increased.
6. **Other Departmental revenue** was 3% (\$194K) higher than last year at this time. The increase is from an increase of \$56K in waste collection fees, an increase in code violation fees of almost \$70K and golf fees & permits were up \$64K.
7. **Inter Government** increased by almost \$1.9M from 2022. Almost all of the increase is the result of earning higher interest income on our invested funds.
8. **Fines and Forfeitures revenue** increased by 15% (\$739K) from last year. The increase is the result of an increase of (\$186K) in red light camera fines. This category is also higher due to a new revenue source APA meter license which totaled \$596K for the year.
9. **Licenses and Permits revenue** increased 21% (\$914K) compared to 2022. Most of the increase was related to an increase of \$1.2M in stabilization & demo fees. There were small increases in occupation licenses \$34K and vacant building registry increased \$37K. These increases were offset by a decrease of \$172K in street opening fees, a decrease in plumbing permits of \$173K and electrical permits decreased \$89K.
10. **State aid** – increased 5% almost (\$1.5M) by the end of the year. Most of the increase is related to a State grant for \$763K which provided a

bonus to emergency workers. There were also various State public safety grants providing over \$900K in additional revenue for 2023. These increases were off-set by a decrease of \$800K in Mortgage Tax revenue. Typically the revenue in this category is grant related and can vary from year to year.

11. **Sale of property, compensation, loss** decreased \$79K. The decrease is mostly related to fewer property sales this year compared to last year.
12. **Miscellaneous revenue** increased 3% (\$150K) compared to the same time last year. The increase is primarily related to an increase in health insurance rebates. This category is made up of refund of prior year expenses, special events revenue and reimbursements from ACDA. Refund of prior year expenses are made up of fees and charges from last year that are included on the property tax bills. These charges can vary from year to year and adjustments for these charges can vary.
13. **Other revenue** increased by \$11.6M compared to the same period last year. The majority of this increase is the result of reimbursing the general fund for ARPA grant related expenses and Albany for All distributions. Most of this revenue in this category is derived from federal government grants and the timing of these payments varies from one year to the next.

DISBURSEMENTS

Category/Account	DEC YTD 23	DEC YTD 22	Variance	%	Annual Budget	Variance	% Budget
Personal Benefits	95,092,825	89,902,341	5,190,484	5.8%	92,580,729	2,512,096	103%
Fringe Benefits	59,793,862	55,968,521	3,825,342	6.8%	58,167,409	1,626,453	103%
Non-Personal Service	63,127,283	54,910,600	8,216,683	15.0%	70,915,273	-7,787,990	89%
Total	218,013,970	200,781,461	17,232,509	8.6%	221,663,411	-3,649,441	98%
Number of weeks in period	52	52	0		52		100%

Total disbursements increased by \$17.2M or 8.6% compared to the same period last year. Spending overall is within 2023 budgetary expectations at 98%, even though spending was up in Personal Benefits \$5.2M, Fringe Benefits \$3.8M and Non-Personal Services \$8.2M compared to last year.

1. **Salary expense increased by almost \$5.2M or 5.8%** compared to last year and slightly exceeding budget at 103%. Most departments are showing salary increases this year. The rightsizing of salaries which were approved in the adopted budget provided pay increases to retain current employees and recruit new employees. The majority of the increase is related to Police department salaries including longevity and other pay expense was \$1.3M higher, and the Fire department salaries and other pay was \$1.1M higher than last year. This category includes overtime which is almost \$879K higher than 2022.
2. **Benefits Expenses increased by \$3.8M or 6.8%** from last year and was slightly over budget for the year at 103%. Most of the increase in this category was related to health insurance expense which increased almost (\$2.9M). Health insurance expense can fluctuate year to year. (The City is self-insured for Empire Blue Cross which means we pay the actual claims which can vary greatly from one year to the next). FICA expenses increased by (\$552K) which is related to the salary increases and worker's comp expenses increased (\$735K). These increases were off-set by a decrease of \$682K in retirement expense.
3. **Non-Personal Service spending increased by \$8.2M or 15.0%.** This category was at 89% of budget by the end of the year. This category includes utilities, contracted services, supplies, materials, small equipment, consulting fees and debt service. ARPA expenses related to Albany for All payments made to sub-recipients increased by \$7.7M. Demolitions and stabilization expenses increased by \$1.0M. ARPA expenses and demolitions and stabilization expenses are budget neutral since these expenses are reimbursed by revenues. Funding from HUD for ACDA is also included in the category which is budget neutral and is a primary reason this category is under budget. Most of the departments were also below budget for 2023.

OVERTIME

Department	2023	2022	Change	%	2023	Budget	% of Budget
Police (non-reimbursable)	8,270,343	7,612,684	657,659	9%	8,270,343	6,572,909	126%
Fire	2,456,359	2,387,015	69,344	3%	2,456,359	2,000,000	123%
Communications	635,474	534,031	101,443	19%	635,474	465,455	137%
Parks Maintenance	566,501	468,196	98,305	21%	566,501	400,000	142%
Waste Collection	576,948	616,094	(39,146)	-6%	576,948	300,000	192%
Landfill	181,332	165,713	15,619	9%	181,332	182,000	100%
Central Maint.	118,939	94,417	24,522	26%	118,939	70,000	170%
Street Maintenance	457,584	546,230	(88,646)	-16%	457,584	400,000	114%
Recreation	8,195	3,369	4,826	143%	8,195	3,500	234%
Recreation Programs	3,432	491	2,941	599%	3,432	1,000	343%
Aquatics	257	183	74	40%	257	1,000	26%
Bleeker / Facility Operations	7,135	8,665	(1,530)	-18%	7,135	10,000	71%
Traffic Engineering	72,957	61,643	11,314	18%	72,957	50,000	146%
Capital Hills	110,647	115,438	(4,791)	-4%	110,647	25,000	443%
Fleet Maintenance	60,711	66,293	(5,582)	-8%	60,711	60,000	101%
Buildings	143,130	95,308	47,822	50%	143,130	125,000	115%
Personnel	2,182	4,761	(2,579)	-54%	2,182	5,000	44%
Engineering	0	703	(703)	-100%	0	1,000	0%
DGS Administration	22,111	19,344	2,767	14%	22,111	5,000	442%
Control of Animals	17,798	27,560	(9,762)	-35%	17,798	25,000	71%
Cultural Affairs	3,771	8,419	(4,648)	-55%	3,771	5,000	75%
General Fund	13,715,806	12,836,557	879,249	7%	13,715,806	10,706,864	128%
Police (reimbursable)	852,726	925,718	(72,992)	-8%	852,726	1,570,828	54%
Fire (reimbursable)	0	0	0	0%	0	0	100%
Traffic Eng. (reimbursable)	0	0	0	0%	0	0	100%
Water	479,906	567,099	(87,193)	-15%	479,906	520,200	92%
Totals	15,048,438	14,329,374	719,064	5%	15,048,438	12,797,892	118%

General Fund overtime was over budget at (128%) at the end of 2023.

Excluding the Water Department (for which the City is reimbursed) and reimbursable Police overtime, overtime expense was 7% (\$879K) higher than the same period last year. OT is consistently the largest over-budget expense. The Police Department had the biggest increase in OT payments which were up by almost \$658K and the Communications Department was also higher by \$101K. The majority of departments have higher OT expenses this year compared to than last year. Fortunately, most OT increases are offset by salary savings from open positions.

CASH

The City's cash position decreased by \$42.2M from last year. Most of the decrease is related to the spend-down of the of the ARPA money. The City received a total of \$84.8M in ARPA. The first payment of \$42.4M in 2021 and in 2022 the City received the second \$42.4M payment. The City's cash totaled \$13.6M at the end of 2023.

CONCLUSION

There were no major surprises for 2023, as the City was where it was expected to be financially. The City saw an increase in overall revenue in 2023 from ARPA Grant reimbursements, interest earned on cash balances and the increase in the property tax levy. Expenses also increased compared to last year, mostly as the result of budgeted salary increases and ARPA payments made to sub-recipients. There were increases in retiree and employee healthcare and benefit costs, and higher OT expenses, but overall, they were still within budget

expectations. However, personal service and benefit costs have increased since COVID because of the right-sizing of salaries. Therefore, the City must continue to watch expenses closely and try to control them as much as possible, while continuing to push for revenue increases where it can locally, and at the State level. Finally, as we all know, a permanent solution for the revenue gap caused by tax exempt properties must be found.